

**HOLD**

TP: Rs 278 | ▲ 4%

**ONGC**

Oil & Gas

13 February 2026

## Results above expectations on subsidiaries' performance

- Performance above expectations, given better-than-expected performance of refinery subsidiaries (HPCL and MRPL)
- Daman and DSF II projects will likely add 2-3mntoe of gas by FY27E. Ongoing development projects to augment production over long term
- Maintain HOLD. On account of 9MFY26 performance, revise TP to Rs278 from Rs266, based on 6.5x Dec'27 EPS plus value of investments

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**Results above expectation:** Revenue came in at Rs1,674bn (+0.8%YoY, +6.0%QoQ) and was 15.0% above our estimates. EBITDA came in at Rs253bn (+2.8%YoY, -4.5%QoQ) and was 4% above estimates. This was due to a better-than-expected performance of subsidiaries in the Refining segment (HPCL and MRPL).

**Standalone performance (E&P business):** Revenue for the domestic Exploration & Production (E&P) business came in at Rs315bn (-6.4%YoY, -4.5%QoQ). EBITDA came in at Rs152bn (-10.9%YoY, -8.0%QoQ). The decline in performance YoY was on account of a 15.1% fall in crude oil realisations.

**Performance parameters:** Crude oil realisations declined by 15.1%YoY to USD61.6/bbl and gas realisations went up 1.4%YoY to USD6.6/mmbtu. Crude oil production decreased 2.2%YoY, while the reduction in gas production was 0.3%YoY. So, the overall crude oil price will remain a key monitorable for the company's performance in future.

**Outlook on growth:** ONGC is progressing key projects including KG 98/2, Daman and Mumbai High, with BP's involvement expected to enhance Mumbai High output from FY28E. Near-term gas production growth of 7-9mmscmd is likely from the Daman and DSF-II projects together by FY27E. Realizations remain linked to crude prices, supported by premium pricing on new wells. Positive outlook comes on the back of gas from new wells, which are eligible for a 20% premium over domestic APM price and ONGC is actively working to boost the output from such wells. Gas from new wells target to rise from 18% currenet to 24% in next 3 years

**Maintain HOLD and raise TP:** Volume growth is key for future performance. We maintain HOLD. On account of 9MFY26 performance and roll over to Dec.27, revise TP to Rs278 from Rs266, based on 6.5x Dec'27 EPS plus value of investments.

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ONGC IN/Rs 267
Market cap	US\$ 37.1bn
Free float	41%
3M ADV	US\$ 34.3mn
52wk high/low	Rs 280/Rs 205
Promoter/FPI/DII	59%/7%/20%

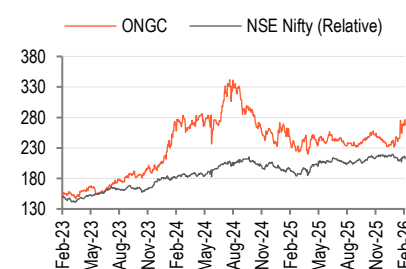
Source: NSE | Price as of 13 Feb 2026

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	6,632,623	6,582,201	6,695,621
EBITDA (Rs mn)	834,845	1,014,144	1,081,671
Adj. net profit (Rs mn)	310,005	439,501	465,932
Adj. EPS (Rs)	24.6	34.9	37.0
Consensus EPS (Rs)	24.6	34.0	35.1
Adj. ROAE (%)	9.1	12.3	12.1
Adj. P/E (x)	10.9	7.7	7.2
EV/EBITDA (x)	5.4	4.5	4.0
Adj. EPS growth (%)	(32.4)	41.8	6.0

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Quarterly performance**

(Rs mn)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Revenue	1,674,229	1,579,111	6.0	1,660,967	0.8	4,884,421	4,933,938	(1.0)
EBITDA	253,353	265,212	(4.5)	246,428	2.8	777,637	669,349	16.2
EBITDA margin (%)	15.13	16.80		14.84		15.92	13.57	
Depreciation	93,883	92,735	1.2	94,972	(1.1)	280,457	262,069	7.0
Interest	32,069	34,110	(6.0)	36,697	(12.6)	99,592	111,124	(10.4)
Other income	33,075	31,080	6.4	24,111	37.2	89,888	93,358	(3.7)
PBT	160,477	169,448	(5.3)	138,869	15.6	487,475	389,514	25.1
Tax	42,437	46,696	(9.1)	37,386	13.5	128,676	99,096	29.9
Reported PAT	100,158	107,849	(7.1)	86,217	16.2	306,047	288,687	6.0
Exceptional item	451	(2)	23847.4	0	NA	264	0	NA
Adjusted PAT	99,707	107,851	(7.6)	86,217	15.6	305,783	288,687	5.9
Adj. PATM (%)	5.96	6.83		5.19		6.26	5.85	
EPS (Rs)	7.93	8.57	(7.6)	6.85	15.6	24.31	22.95	5.9

Source: Company

**Fig 2 – Q3FY26 Actual vs Estimates**

Particulars	Q3 Actual	Estimates	VAR(%)
Revenue (Rs mn)	1,674,229	1,459,666	14.7
EBITDA (Rs mn)	253,353	243,556	4.0
EBITDA margin (%)	15.1	16.7	
PAT (Rs mn)	99,707	97,798	2.0
EPS (Rs)	7.9	7.8	2.0

Source: Company, BOBCAPS Research

**Fig 3 – Standalone performance**

(Rs mn)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Net Sales	315,465	330,306	(4.5)	337,168	(6.4)	965,800	1,028,641	(6.1)
Operating expenses	162,747	164,312	(1.0)	165,851	(1.9)	475,235	515,886	(7.9)
EBITDA	152,718	165,994	(8.0)	171,317	(10.9)	490,565	512,754	(4.3)
EBITDA margins (%)	48.41	50.25	(3.7)	50.81	(4.7)	50.79	49.85	1.9
Reported PAT	83,719	98,480	(15.0)	82,399	1.6	262,441	291,620	(10.0)
PAT margins (%)	26.54	29.81		24.44		27.17	28.35	
EPS	6.65	7.83	(15.0)	6.55	1.6	20.86	23.18	(10.0)

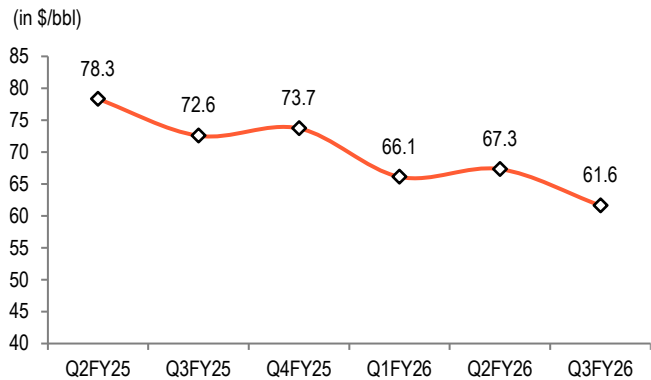
Source: Company

**Fig 4 – Business parameters**

	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Crude oil net realization (\$/bbl)	61.6	67.3	(8.5)	72.6	(15.1)	65.0	78.0	(16.6)
Gas price net realization (\$/mmbtu)	6.6	6.8	(2.4)	6.5	1.4	6.7	6.5	2.5
Crude oil production (mmt)	5.1	5.2	(1.4)	5.2	(2.2)	15.6	15.6	(0.5)
Natural gas production (bcm)	5.1	5.0	1.2	5.1	(0.3)	15.1	15.2	(0.6)

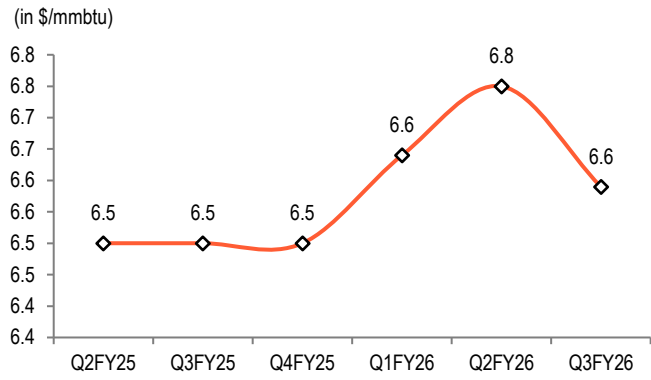
Source: Company

**Fig 5 – Crude oil price realisations**



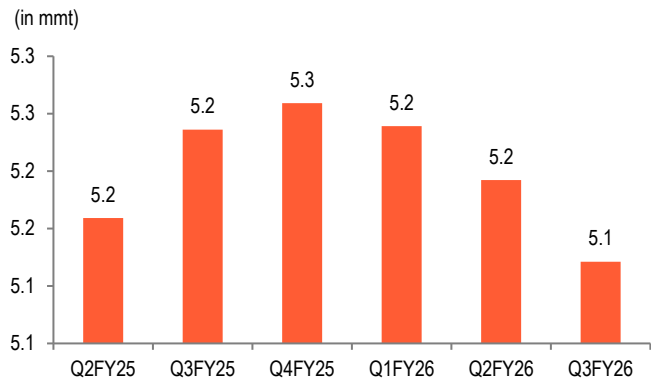
Source: Company

**Fig 6 – Gas price realisations**



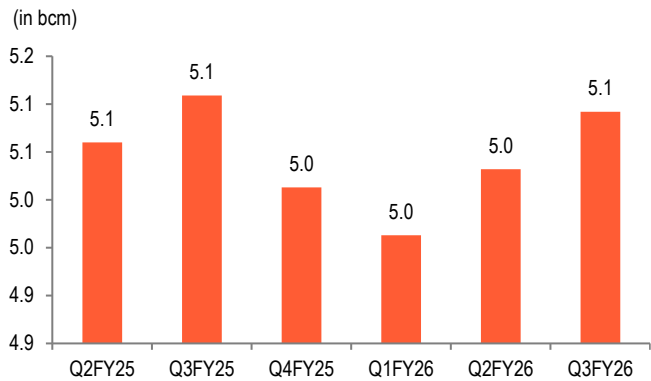
Source: Company

**Fig 7 – Crude oil production**



Source: Company

**Fig 8 – Natural gas production**



Source: Company

## Call Highlights

- **Production performance & guidance:** ONGC reported a decline in production, with crude output down 2.2% YoY and gas production lower by 1.3% YoY. For the 9M period, crude production declined by 0.5%, while gas output decreased by 0.6% on a YoY basis.
- ONGC has collaborated with BP plc for Mumbai High field, under which BP plc will help reverse the production decline. So far, results have been positive with decline having stopped. Full benefits are expected from FY28E onwards only.
- Guidance for crude production for FY27E is 21.0mnt of Oil and 21.5bcm of gas. Actual oil production was 18.6mnt and gas production was 19.7bcm for FY25. 9MFY26 is 15.6mnt crude oil and 15.1bcm gas production.
- **Business from new wells:** ONGC targets ramping up production from new wells that are eligible for a 20% premium over domestic APM price. Gas from new wells target to rise from 18% current to 24% in next 3 years.
- **Gas production update:** ONGC is targeting incremental production growth from key basins including KG-98/2, the Daman project, and Discovered Small Fields (DSF)-II.KG 98/2: Currently, it is producing 3mmscmd of gas. The block is expected to see a ramp-up in FY27E with incremental volumes of 3-5mmscmd.
  - Daman Upside Development Project (DUDP) in the western offshore is expected to contribute 5mmscmd in FY26E.
  - DSF-II is likely to add 4-5mmscmd in FY27E.
- **ONGC Videsh:** Security conditions have improved and the full-scale development in Mozambique project will likely resume soon. ONGC has a 16% stake in the project. This is a gas asset in Rovuma basin. The asset has 45-70tcf (trillion cubic feet) of gas reserves. The first LNG production is expected in H12029.
- **Capex:** The company guided for a capex of Rs330bn on a standalone basis for FY26E. It incurred a capex of Rs244bn(Standalone) in 9MFY26.. Net D/E stands at 0.3x.

## Valuation Methodology

We remain positive on business growth, driven by the ongoing projects for incremental production. We estimate an improvement in volumes for both crude oil and gas.

The revision in estimates is based on the 9M performance of volumes. Volume revised moderated down due to past miss on guidance.

- **Crude oil:** We estimate volumes at 19.5mnt vs the earlier 19.9mnt for FY26E, 19.3mnt vs the earlier 20.2mnt for FY27E and 20.2mnt vs the earlier 20.6mnt for FY28E. We estimate 1.0% CAGR in crude oil production over FY25-FY28E.
- **Gas:** We estimate volumes at 19.6bcm vs the earlier 19.9bcm for FY26E, 20.1bcm vs the earlier 20.4bcm for FY27E and 20.6bcm vs the earlier 21.0bcm for FY28E. We estimate 1.7% CAGR in gas production over FY25-FY28E.
- USD/INR assumption revised to Rs89 vs Rs87 for FY26E; revised to Rs91 vs earlier Rs87 for FY27E and revised to Rs91 vs the earlier Rs87 for FY28E

**Fig 9 – Revision in Estimates**

(Rs mn)	Actual	New			Old			Change (%)		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	6,632,623	6,582,201	6,695,621	7,011,982	6,598,711	6,681,563	6,932,050	(0.3)	0.2	1.2
EBITDA	888,607	1,014,144	1,081,671	1,159,694	954,607	1,062,714	1,131,802	6.2	1.8	2.5
EBITDA % margin	13.4	15.4	16.2	16.5	14.5	15.9	16.3	-	-	-
PAT	363,767	460,924	465,407	486,648	416,508	451,663	466,203	10.7	3.0	4.4
EPS (Rs)	28.9	36.6	37.0	38.7	33.1	35.9	37.1	10.7	3.0	4.4

Source: Company, BOBCAPS Research

**Fig 10 – Key assumptions**

	FY24	FY25	FY26E	FY27E	FY28E
<b>Production volumes</b>					
Crude - Standalone (mn t)	19.5	19.6	19.5	19.8	20.2
Gas - Standalone (mn cm)	20.0	19.7	19.6	20.1	20.6
<b>% growth YoY</b>					
Crude - Standalone	0.0	1.0	-0.5	1.5	2.0
Gas - Standalone	0.1	(1.6)	-0.5	3.0	2.5
<b>Realisations (Rs/t)</b>					
Brent price	84.6	78.9	65.0	70.0	72.0
ONGC realisations	80.9	76.9	65.0	70.0	72.0
<b>(USD/mmbtu)</b>					
APM gas price	6.5	6.7	6.7	6.9	7.2
<b>% growth YoY</b>					
Realization	(12.0)	(4.9)	(15.5)	7.7	2.9
USD-INR rate	82.8	87.0	89.0	91.0	91.0

Source: BOBCAPS Research

## P/E-based Valuation Rationale

We maintain HOLD. On account of 9MFY26 performance and roll over to Dec. 27, revise TP to Rs278 from Rs266, based on 6.5x Dec'27 EPS plus value of investments.

- 6.5x - the multiple is in line with its historical 10Y average P/E.
- Investments in listed companies – IOC, Petronet and GAIL are valued at 20% holding company discount to the current market cap.

**Fig 11 – Valuation summary**

	Dec. 27 EPS	P/E Multiple	Value (Rs/share)
ONGC	38.3	6.5	249
<b>Valuation of Investments</b>			
IOC			23
Petronet LNG			3
GAIL			3
<b>Subtotal</b>			<b>29</b>
<b>Target price (Rs)</b>			<b>278</b>

Source: BOBCAPS Research

**Fig 12 – Valuation of investments**

	No. of shares (mn)	Market Value (CMP) (Rs)	Full Value (Rs mn)	Holding co. discount (%)	Fair value (Rs mn)	Value (Rs/share)
IOC	2,006	177	355,030	20	284,024	23
Petronet LNG	188	290	54,375	20	43,500	3
GAIL	327	162	52,925	20	42,340	3
<b>Total</b>			<b>462,331</b>		<b>369,864</b>	<b>29</b>

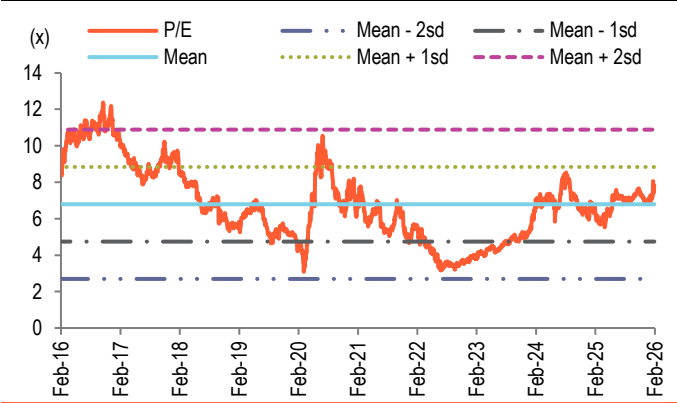
Source: BOBCAPS Research

## Key Risks

Key downside risks to our estimates:

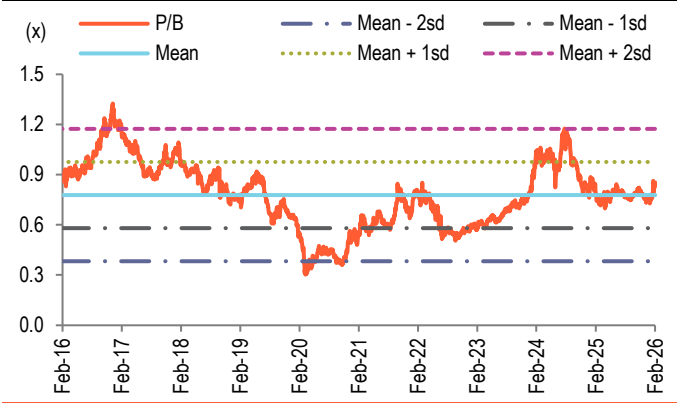
- **Forex impact from foreign debt:** ONGC operates in overseas market through ONGC Videsh. Their foreign debt is about ~37% of total gross debt. Thus, large fluctuations in forex rates are a risk, in terms of debt repayments, impacting profitability.
- **Refining business of subsidiaries:** Lower-than-estimated GRM in the Refining business can affect the operational performance of subsidiaries. Thus, low crude prices and robust cracks are key for performance. Any spike in crude prices or a hit on product demand can impact the refining margins.

**Fig 13 – P/E 1YF**



Source: Bloomberg

**Fig 14 – P/B 1YF**



Source: Bloomberg

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>6,531,708</b>	<b>6,632,623</b>	<b>6,582,201</b>	<b>6,695,621</b>	<b>7,011,982</b>
EBITDA	974,594	834,845	1,014,144	1,081,671	1,159,694
Depreciation	(304,401)	(352,060)	(394,115)	(447,212)	(506,684)
EBIT	790,500	606,721	746,443	763,401	784,532
Net interest inc./(exp.)	(130,257)	(145,349)	(112,542)	(105,039)	(105,039)
Other inc./(exp.)	120,307	123,936	126,414	128,943	131,522
Exceptional items	16,364	(1,511)	0	0	0
EBT	643,879	462,883	633,901	658,362	679,493
Income taxes	(183,561)	(140,693)	(167,984)	(164,591)	(169,873)
Extraordinary items	(16,364)	1,511	0	0	0
Min. int./Inc. from assoc.	(18,115)	(10,674)	(26,416)	(27,839)	(22,446)
<b>Reported net profit</b>	<b>442,203</b>	<b>311,516</b>	<b>439,501</b>	<b>465,932</b>	<b>487,173</b>
Adjustments	16,364	(1,511)	0	0	0
<b>Adjusted net profit</b>	<b>458,568</b>	<b>310,005</b>	<b>439,501</b>	<b>465,932</b>	<b>487,173</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	381,473	389,755	324,809	332,173	349,738
Other current liabilities	635,215	657,136	657,136	657,136	657,136
Provisions	69,638	70,711	70,711	70,711	70,711
Debt funds	1,576,856	1,535,559	1,500,559	1,500,559	1,500,559
Other liabilities	1,160,556	1,191,719	1,191,719	1,191,719	1,191,719
Equity capital	62,901	62,901	62,901	62,901	62,901
Reserves & surplus	3,327,787	3,371,503	3,650,606	3,949,850	4,264,044
Shareholders' fund	3,596,243	3,742,351	4,021,454	4,320,697	4,634,892
<b>Total liab. and equities</b>	<b>7,419,979</b>	<b>7,587,231</b>	<b>7,766,388</b>	<b>8,072,995</b>	<b>8,404,754</b>
Cash and cash eq.	418,318	271,778	389,680	537,094	732,513
Accounts receivables	197,041	212,278	228,141	252,933	245,651
Inventories	537,928	589,563	529,070	560,684	610,989
Other current assets	190,917	237,231	237,231	237,231	237,231
Investments	954,892	923,728	923,728	923,728	923,728
Net fixed assets	2,719,895	2,914,734	3,020,619	3,123,407	3,216,723
CWIP	916,555	870,368	870,368	870,368	870,368
Intangible assets	347,702	345,107	345,107	345,107	345,107
Deferred tax assets, net	0	0	0	0	0
Other assets	2,255,113	2,214,942	2,211,845	2,202,373	(4,432,198)
<b>Total assets</b>	<b>7,419,979</b>	<b>7,587,231</b>	<b>7,766,388</b>	<b>8,072,995</b>	<b>8,404,754</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>1,020,118</b>	<b>737,513</b>	<b>952,259</b>	<b>996,981</b>	<b>1,095,884</b>
Capital expenditures	(1,001,252)	(511,415)	(500,000)	(550,000)	(600,000)
Change in investments	(219,890)	52,442	0	0	0
Other investing cash flows	(106,186)	(45,015)	0	0	0
<b>Cash flow from investing</b>	<b>(1,327,327)</b>	<b>(503,988)</b>	<b>(500,000)</b>	<b>(550,000)</b>	<b>(600,000)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	285,000	(41,297)	(35,000)	0	0
Interest expenses	(130,257)	(145,349)	(112,542)	(105,039)	(105,039)
Dividends paid	(154,108)	(154,108)	(160,399)	(166,689)	(172,979)
Other financing cash flows	(39,311)	(26,416)	(27,839)	(22,446)	0
<b>Cash flow from financing</b>	<b>434,125</b>	<b>(380,066)</b>	<b>(334,357)</b>	<b>(299,567)</b>	<b>(300,464)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>126,915</b>	<b>(146,541)</b>	<b>117,902</b>	<b>147,414</b>	<b>195,420</b>
<b>Closing cash &amp; cash eq.</b>	<b>418,318</b>	<b>271,778</b>	<b>389,680</b>	<b>537,094</b>	<b>732,513</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	35.2	24.8	34.9	37.0	38.7
Adjusted EPS	36.5	24.6	34.9	37.0	38.7
Dividend per share	12.3	12.3	12.8	13.3	13.8
Book value per share	269.5	273.0	295.2	319.0	343.9

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.7	0.7	0.7	0.7	0.6
EV/EBITDA	4.5	5.4	4.5	4.0	3.6
Adjusted P/E	7.3	10.9	7.7	7.2	6.9
P/BV	1.0	1.0	0.9	0.8	0.8

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.0	69.3	73.5	75.0	75.0
Interest burden (PBT/EBIT)	0.8	0.8	0.8	0.9	0.9
EBIT margin (EBIT/Revenue)	12.1	9.1	11.3	11.4	11.2
Asset turnover (Rev./Avg TA)	1.0	0.9	0.9	0.8	0.9
Leverage (Avg TA/Avg Equity)	0.0	0.0	0.0	0.0	0.0
<b>Adjusted ROAE</b>	<b>14.8</b>	<b>9.1</b>	<b>12.3</b>	<b>12.1</b>	<b>11.7</b>

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	(4.6)	1.5	(0.8)	1.7	4.7
EBITDA	26.1	(14.3)	21.5	6.7	7.2
Adjusted EPS	1.1	(32.4)	41.8	6.0	4.6

### Profitability & Return ratios (%)

EBITDA margin	14.9	12.6	15.4	16.2	16.5
EBIT margin	12.1	9.1	11.3	11.4	11.2
Adjusted profit margin	7.0	4.7	6.7	7.0	6.9
Adjusted ROAE	14.8	9.1	12.3	12.1	11.7
ROCE	13.8	9.5	11.3	11.1	10.9

### Working capital days (days)

Receivables	11	12	13	14	13
Inventory	30	32	29	31	32
Payables	25	25	21	22	22

### Ratios (x)

Gross asset turnover	1.0	0.9	0.9	0.8	0.9
Current ratio	0.8	0.8	0.9	1.0	1.2
Net interest coverage ratio	0.3	0.3	0.3	0.2	0.2
<b>Adjusted debt/equity</b>	<b>6.1</b>	<b>4.2</b>	<b>6.6</b>	<b>7.3</b>	<b>7.5</b>

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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**Recommendation scale: Recommendations and Absolute returns (%) over 12 months**

**BUY** – Expected return >+15%

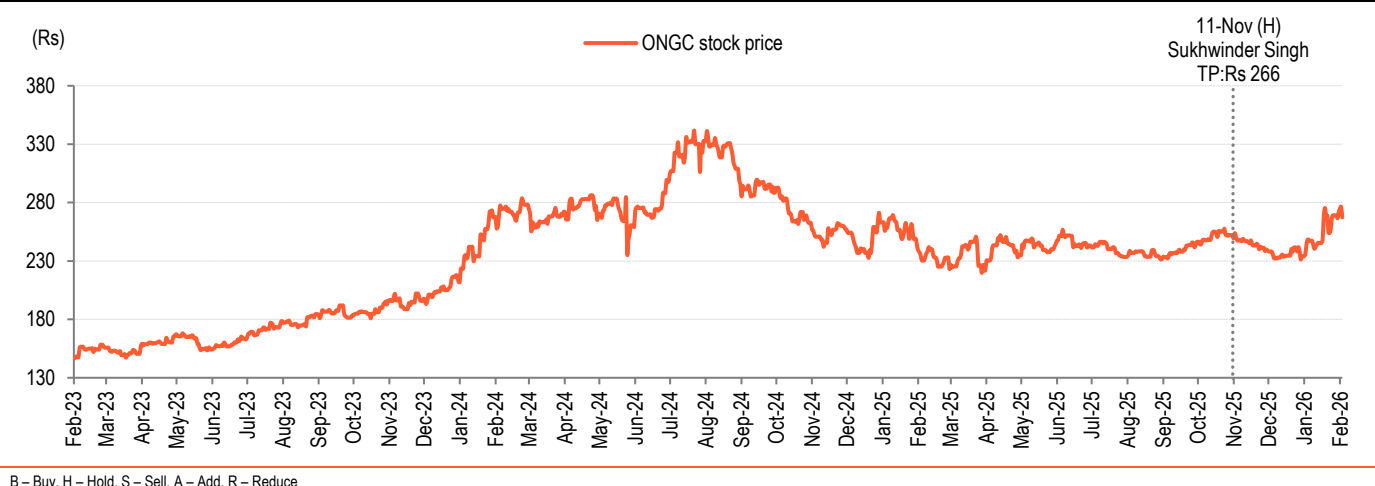
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

## Ratings and Target Price (3-year history): ONGC (ONGC IN)



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